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SUBJECT: BLUE LANTERN: DISCUSSIONS WITH EUCOM, CONSULATE,
AND GERMAN OFFICIALS FEBRUARY 25-27

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[¶](#)11. (SBU) SUMMARY: Senior Compliance Specialist Judd Stitzel from the Department's Office of Defense Trade Controls Compliance (PM/DTCC) met February 25-27 in Stuttgart, Frankfurt, and Bonn with USG and German officials to discuss the Blue Lantern end-use monitoring program and related U.S. export control issues in Germany and Europe. Topics included third-party transfers, Arms Export Control Act (AECA) Section 3 reporting requirements, and the export of defense articles, technology, and services from the U.S. to Germany. Briefings to the Defense Security Cooperation Agency's (DSCA) EUCOM End-Use Monitoring Regional Forum strengthened DOS-DOD collaboration by clarifying distinctions between State (Blue Lantern) and Defense (Golden Sentry) end-use monitoring requirements and procedures, and identifying areas for future cooperation. Meetings with USG and German officials appear to have met the objectives of improving understanding of the Blue Lantern program and USG defense trade laws and regulations. END SUMMARY.

[¶](#)12. (U) Administered by PM/DTCC, Blue Lantern is a global program designed to verify the end-use, end-users, and disposition of commercially exported defense articles, technology, and services. This visit to Germany was part of PM/DTCC's ongoing efforts to improve the program's effectiveness through outreach visits with posts, host governments, and industry.

EUCOM EUM BRIEFINGS

[¶](#)13. (U) On September 25, PM/DTCC Senior Compliance Specialist Judd Stitzel briefed participants of the Defense Security Cooperation Agency's (DSCA) EUCOM End-Use Monitoring (EUM) Regional Forum on Blue Lantern, third-party transfers, and AECA Section 3 requirements for reporting unauthorized re-transfers and re-exports, changes in end-use, and failures to secure defense articles and services provided through USG military assistance. Participants included Security Assistance Officers (SAO) from most EUCOM military groups, officers responsible for international programs and EUM at EUCOM headquarters, and program managers of DSCA's Golden Sentry EUM program in Washington. Successful recent joint outreach experiences such as the SOUTHCOM and CENTCOM EUM Regional Forums (refs A and B) involving PM/DTCC and DSCA have helped audiences better understand the similarities and differences between the regulations governing the export of defense articles and technology exported via direct

commercial sales (DCS) and Foreign Military Sales (FMS).

¶14. (U) Questions and discussion during the EUCOM forum and side-bar meetings focused on the differing requirements and capabilities of EUM through Blue Lantern and Golden Sentry, especially concerning night vision devices (NVDs). PM/DTCC expressed gratitude for the generally effective cooperation between DOS Blue Lantern POCs and SAOs, who often facilitate Blue Lantern checks with host country MODs and occasionally conduct checks on behalf of DOS. While emphasizing that Blue Lantern and Golden Sentry have similar but independent EUM mandates, Stitziel noted that many SAOs around the world have voluntarily entered DCS NVD serial numbers into DSCA's Security Cooperation Information Portal (SCIP) database on their own initiative in order to facilitate and simplify EUM for both Golden Sentry and Blue Lantern. Forum participants agreed that both DOS and DOD would benefit from increased communication and collaboration in the EUM of DCS NVDs and other defense articles.

MEETINGS WITH USG DEFENSE TRADE CONTROL OFFICIALS

¶15. (U) In Frankfurt and Bonn on February 26 and 27, Stitziel met with a wide variety of USG officials involved in various aspects of defense trade controls to brief the Blue Lantern program and to discuss issues specific to Germany. Interlocutors in Frankfurt included James Morris, Pol/Econ

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Officer and Blue Lantern POC; Ronald Grimes, Immigration and Customs Enforcement (ICE) Attaché, and Glenn Spindel, Deputy ICE Attaché; Robert Goodrich, Regional Security Officer; Greg Gaines, Political-Military Counselor; and Christine Awender, Assistant Legal Attaché. Interlocutors in Bonn included Richard Volk, Pol/Econ Specialist and foreign service national in Duesseldorf who has conducted Blue Lantern checks for many years; MAJ Kevin Hill, Chief of Army Affairs, Office of Defense Cooperation (ODC); and Lt. Col. Kevin Kelley, Jr., Chief of Air Force Affairs, ODC.

¶16. (SBU) Stitziel briefed the mission, objectives, and results of Blue Lantern, both globally and in Germany. Since 2004, PM/DDTC has received 13,517 applications for commercial defense exports to Germany worth \$18 billion dollars; during that time, PM/DDTC has approved 11,302 licenses worth \$11 billion and 1,534 agreements worth \$7.4 billion. Since 2004, 50 Blue Lantern checks have been conducted (30 pre-license checks and 20 post-shipment verifications) on applications and licenses that listed end-users in Germany. Of these 50 cases, only four were closed "unfavorable," meaning that the facts determined by the check were not consistent with the information listed on the application or license. Germany's "unfavorable" rate of eight percent is significantly lower than the global average during the last several years, which has ranged between 16 and 23 percent. Embassy Berlin's average response times of 48 days for pre-license checks and 83 days for post-shipment checks may be longer than the formal deadlines of 30 days and 45 days, respectively, but are still within the normal range globally. While the primary Blue Lantern POC in Embassy Berlin's economic section is responsible for coordinating Blue Lantern checks throughout Germany, Stitziel encouraged the Blue Lantern POCs in Frankfurt and Duesseldorf to draw on the full range of country team resources, including ICE, ODC, DAO, LEGAT, and Foreign Commercial Service (FCS), when appropriate.

¶17. (SBU) Particularly encouraging and productive was Stitziel's discussion with ICE officials in Frankfurt, who stated that the enforcement of export controls -- particularly of defense articles, technology, and services listed on the U.S. Munitions List (USML) and controlled under the International Traffic in Arms Regulations (ITAR) -- is ICE's "number one priority" in Frankfurt. In addition to discussing several current and past cases, ICE expressed eagerness to collaborate even more closely and to exchange information through PM/DTCC's ICE Liaison, especially as ICE

reported that it does not always receive the most complete cooperation with German customs authority counterparts. The PM/DTCC-ICE connections made during the trip already have resulted in the subsequent exchange of information regarding two pending cases. The political-military section and legal attache office also expressed keen interest in Blue Lantern and eagerness to collaborate and exchange information when appropriate.

GERMAN OFFICIALS SUPPORT BLUE LANTERN,
EAGER TO COLLABORATE, STRENGTHEN TRANSATLANTIC TIES

¶18. (SBU) In Bonn, MAJ Hill, Lt. Col. Kelley, and Mr. Volk joined Stitzel for separate meetings with Juergen Mogilowski, Head of International Armament Relations at the MOD, and Claus Warnken, Head of the division in the Ministry of Economic and Technology responsible for international export control regimes and the control of "weapons of war" (Kriegswaffen). Already familiar with many aspects of U.S. export control laws, the German officials were eager to learn more about the Blue Lantern program, expressed support for and willingness to collaborate with the program, and posed several detailed and informed questions about U.S. laws and regulations. The officials also provided an overview of Germany's export control regulations and bureaucracy as well as relatively recent improvements made in the ability of the Government of Germany (GOG) to track and account for defense articles and technology imported from the U.S. and elsewhere.

As part of the GOG's response to an incident in 2004 involving an unintentional unauthorized re-transfer of U.S.-provided defense articles, the MOD created a "knowledge cell" for propagating best practices and answering questions related to tracking and monitoring the end-use of munitions items provided by foreign countries. According to

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Mogilowski, the MOD's primary area of concern now is the accountability and EUM of second-tier subcontractors and suppliers.

¶19. (SBU) Mogilowski emphasized that the GOG considers EUM of munitions to be a matter of national security rather than simply trade and commerce. He expressed strong sentiments against European companies that market allegedly "ITAR-free" defense articles such as satellites, asserting that such efforts contribute to the deterioration of transatlantic ties and falsely deny the interdependency of European and American defense companies. Mogilowski also mentioned current internal GOG discussions of establishing a working group, perhaps as soon as June, comprised of representatives of the MFA, MOD, Economics Ministry, and the Federal Association of the German Defense Industry (Bundesverband der deutschen Ruestungsindustrie) to discuss possible improvements in GOG defense trade controls, including end-use monitoring.

¶10. (U) PM/DTCC would like to express its gratitude to Consulates General Frankfurt and Duesseldorf and especially to Jim Morris, Kevin Hill, Richard Volk, and Chris Grossman for their exemplary work in helping to arrange and execute this visit.

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